

January 14, 2019

Company	Sector	CMP	Recommendation	Target	Potential Upside
Infosys Ltd.	IT	835	BUY	920	10%

Key Stock Data

BSE Script Code	INFY
NSE Script Code	INFY
No. of shares	427
FV (Rs.)	5
MCAP (Rs.)	3,52,644 Crs
MCAP (\$)	4897 Crs
52 Week High	Rs. 823
52 week Low	Rs. 600
Time Frame	6 months

Infosys Ltd. (INFY) is a global leader in next-generation digital services and consulting. INFY enables clients in 45 countries to navigate their digital transformation. With over three decades of experience in managing the systems and workings of global enterprises, INFY expertly steer its clients through their digital journey.

Investments Rationale**1. Decent set of 1QFY20 results**

INFY reported decent set of 1QFY20 results in a seasonally weak quarter whereby its constant currency revenue grew by good 12.4% Y-o-Y and 2.8% Q-o-Q and total revenue grew by 14% Y-o-Y to Rs. 21803 Crs in 1QFY20 as against Rs. 19,128 Crs in 1QFY19. Bottom-line grew by 5% Y-o-Y to Rs. 3802 Crs in 1QFY20 as against Rs. 3612 Crs in 1QFY19.

2. Strong digital revenues

INFY reported all time high digital revenue growth of 41.9% Y-o-Y basis and 8.6% growth on a sequential basis. Digital revenue contributes 35.7% of the total revenue. The management does not see digital revenue growth slowing in future despite the higher base.

3. Upward revision of guidance

INFY revised its revenue guidance upwards to 8.5% - 10% in constant currency basis for FY20. It maintained its Operating margin at 21%-23%.

Outlook & Valuations

INFY reported decent set of 1QFY20 numbers in a seasonally weak quarter on every count. The management has guided for an upward revenue guidance which indicates strength in the company's operations. We feel the stock will sustain its premium valuation on account of its upward guidance revision which infuses confidence in the company, hence would like to give a BUY on the stock. The stock is currently trading at 18.80x FY21 PE and we would like to allot a PE of 20.5x to arrive at a target price of Rs. 920 per share.

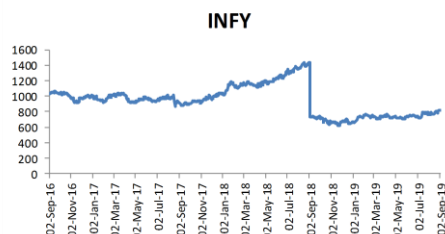
Key Financial

Amt in Crs

Particulars	FY17 A	FY18 A	FY19 A	FY20 E	FY21 E
Total Revenue	68484	70522	82675	90942	100036
EBITDA	21684	22204	23052	24554	26009
PAT	14353	16029	15410	16951	18646
EPS	32.98	36.83	35.44	39.66	43.62
PE	24.86	22.26	23.14	20.68	18.80

Shareholding Pattern

Promoters	13.15%
DII's	22.54%
FII's	33.45%
Others	30.04%

3 Years Price Chart

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